

## Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-12 ISO-00 AGRE-00 CIAE-00 EB-08 INR-07  
LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 FRB-03 OMB-01  
DODE-00 USIA-06 ERDA-05 AID-05 IGA-02 /060 R

DRAFTED BY COMM/BEWT/OEWCA/EEAD/JABURGESS/PAM  
APPROVED BY EUR/EE:NGANDREWS  
BEWT/OEWCA/EEAD/AJENKENS (DRAFT)  
BEWT/OEWCA/JMGEORGE (DRAFT)  
BEWT/PPD/OEA/BSPRUELL (DRAFT)  
BEWT/OD/ESTROH (DRAFT)  
DOC/BRTA/OD/DE ANN (DRAFT)  
BEWT/OEWTD/TDAD/RSTECHSCHULTE  
STATE/EUR/EE/SFROMOWITZ  
(INFO)

-----260510Z 121125 /21

P 260046Z MAR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY BUCHAREST PRIORITY

C O N F I D E N T I A L STATE 067226

E.O. 11652:

TAGS:ETRD, OCON, RO

SUBJECT: NICOLAE - DOWNEY MEETING, MARCH 21

REFS: (A) BUCH 1774 (B) BUCH 2015 (C) STATE 060979  
REFS(A)BUCH1774(B)BUCH 2015 (C) STATE 060979

1. SUMMARY: DAS DOWNEY MET WITH GOR AMBASSADOR NICOLAE  
TO DISCUSS U.S. IMPORT RESTRAINTS IN AFTERMATH OF  
ROMANIAN EARTHQUAKE, PARTICULARLY THOSE RELATING TO  
TEXTILES AND SHOES. NICOLAE SOUGHT A LIBERALIZATION OF  
THESE IMPORT RESTRAINTS FOR 1977 AND HINTED THAT U.S.  
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ACTION OR INACTION ON THIS MATTER WOULD BE IMPORTANT TO  
UP-COMING PCR CENTRAL COMMITTEE MEETING IN BUCHAREST,  
ALTHOUGH HE DID NOT SEE INACTION LEADING TO ANY POLICY  
CHANGES TOWARD THE U.S. DOWNEY NOTED THAT USG WAS  
EXAMINING POSSIBILITY OF ECONOMIC ASSISTANCE FOR ROMANIA  
AND WARNED THAT GOR INSISTANCE ON LIBERALIZATION OF  
IMPORT RESTRAINTS COULD JEOPARDIZE ECONOMIC ASSISTANCE

CONSIDERATIONS. MEETING ALSO FOCUSED ON LISTS OF PRODUCTS AND EQUIPMENT PER REF (A) WITH U.S. SIDE EXPRESSING NEED FOR CLARIFICATION OF THE LISTS REGARDING GOR INTENTIONS.

NICOLAE ASKED ABOUT STATUS OF DISC DRIVE TECHNOLOGY LICENSE APPLICATION CURRENTLY IN COCOM. NICOLAE ALSO INQUIRED ABOUT TIMING OF NEXT SESSION OF ECONOMIC COMMISSION. END SUMMARY

2. AT AMBASSADOR'S REQUEST DAS DOWNEY MET ON MARCH 21 FOR 90 MINUTES WITH AMBASSADOR NICOLAE TO DISCUSS U.S.-ROMANIAN ECONOMIC RELATIONS IN THE AFTERMATH OF ROMANIA'S MARCH 4 EARTHQUAKE, AND IN PARTICULAR, TO DISCUSS THE POSSIBILITY OF LIBERALIZING RESTRAINTS ON CERTAIN ROMANIAN IMPORTS INTO THE U.S.

SEVERAL DAYS BEFORE MEETING AMBASSADOR HAD TRANSMITTED TO DOWNEY A LETTER CALLING FOR SPECIAL RELIEF MEASURES DESIGNED TO LIFT OR OTHERWISE REFRAIN FROM IMPOSING ANY RESTRAINTS ON ROMANIAN EXPORTS TO THE U.S. OF TEXTILES, SHOES AND TELEVISION SETS. THE AMBASSADOR HAD ALSO GIVEN A LETTER TO DAS ARMITAGE AT STATE WHICH SPECIFICALLY SOUGHT TO EXPORT TO THE U.S. IN 1977 65,000 MORE MAN MADE FIBER SUITS THAN ALLOWED UNDER THE INTERIM QUOTA ESTABLISHED IN DECEMBER 1976.

3. DISCUSSION FOCUSED INITIALLY ON NICOLAE'S DEPARTURE THIS WEEK FOR BUCHAREST TO ATTEND PCR CENTRAL COMMITTEE MEETING, WHICH HE NOTED WOULD REVIEW AND DISCUSS ROMANIA'S CONFIDENTIAL

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DOMESTIC AND FOREIGN POLICIES IN THE AFTERMATH OF THE EARTHQUAKE. NICOLAE INDICATED THAT FAVORABLE USG ACTION FOR ROMANIA ON THESE IMPORT RESTRAINTS COULD HAVE AN IMPORTANT BEARING ON THE CENTRAL COMMITTEE DELIBERATIONS. HE ALSO EXPRESSED CONTINUING DISSATISFACTION WITH THE ANNUAL EMIGRATION WAIVER REVIEW PROCESS AS BEING AN IMPEDIMENT TO LONG-TERM EFFORTS OF BOTH SIDES TO INCREASE OUR TRADE.

WHEN PRESSED BY DOWNEY WHETHER LACK OF USG ACTION ON LIBERALIZING THESE IMPORT RESTRAINTS MIGHT SIGNAL CHANGE IN GOR POLICY TOWARD U.S. AND WHETHER GOR MIGHT BE QUESTIONING CONTINUATION OF TRADE AGREEMENT, NICOLAE QUICKLY BACKED OFF. HE NOTED GOR'S INTEREST IN EXPANDING AND DIVERSIFYING ITS EXPORTS TO THE U.S.

(PARTICULARLY MACHINES AND MACHINE TOOLS) BUT EXPLAINED THAT THIS WOULD TAKE TIME. IN MEANTIME AND ESPECIALLY IN VIEW OF THE EARTHQUAKE, NICOLAE SAW NEED FOR U.S.

TO ALLOW INCREASED ROMANIAN PENETRATION OF U.S. MARKET IN SEVERAL KEY AREAS (TEXTILES, SHOES AND TELEVISION). REGARDING TRADE AGREEMENT, HIS POINT WAS SIMPLY THAT OUR TRADE SHOULD BE CARRIED OUT ON A LONG-TERM BASIS AND THAT THE ANNUAL RENEWAL OF TRADE AGREEMENT FRUSTRATED THESE INTENTIONS.

4. NICOLAE STRESSED IMPORTANCE OF ALLOWING MORE ROMANIAN SUIT AND SHOE EXPORTS TO U.S. IN 1977 TO ALLEVIATE EARTHQUAKE'S DAMAGE TO ECONOMY. DOWNEY NOTED THAT DISCUSSIONS ARE GOING ON WITHIN OUR GOVERNMENT REGARDING POSSIBLE USG ECONOMIC ASSISTANCE FOR ROMANIA AND HE EXPLAINED THAT ROMANIAN INSISTENCE ON A RELAXATION OF U.S. IMPORT RESTRAINTS COULD JEOPARDIZE AN ECONOMIC ASSISTANCE PACKAGE FOR ROMANIA. NICOLAE DREW DISTINCTION BETWEEN (1) GENERAL REQUESTS IN LETTER TO DOWNEY FOR LIBERALIZATION REGARDING SUIT IMPORT RESTRAINTS AND FOR

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INCREASE IN COTTON FABRIC QUOTA TO 30 MILLION SQUARE YARDS AND (2) SPECIFIC REQUEST IN LETTER TO ARMITAGE TO EXPORT 65,000 SUITS OVER THE QUOTA IN 1977. DOWNEY REITERATED THE POSITION TAKEN BY OUR TEXTILE NEGOTIATING TEAM IN BUCHAREST THAT WE COULD NOT LIFT THE RESTRICTIONS FOR 1977.

5. MENTION ALSO MADE OF ROMANIAN BLACK AND WHITE TELEVISION AND CLEAR SHEET GLASS EXPORTS TO THE U.S. NICOLAE DID NOT DWELL ON T.V. ISSUE AND DOWNEY NOTED THAT INFO PROVIDED PER REF (B) ON SHEET GLASS WOULD BE TAKEN INTO CONSIDERATION BY ITC BEFORE REACHING DECISION ON INQUIRY TO U.S. MARKET.

6. LISTS OF PRODUCTS PER REF (A) ALSO DISCUSSED. DOWNEY EXPLAINED WHAT BEWT HAD DONE WITH LISTS AND RESULTING CONFUSION PER PARAS 4 THROUGH 7 OF REF (C) NICOLAE RESPONDED THAT FODOR NOW HAD THE LISTS BUT HAD NOT BEEN INSTRUCTED BY BUCHAREST ON HOW TO DEAL WITH THEM. DOWNEY SAID BEWT WOULD RESUME CALLING THE LISTED FIRMS BUT REPEATED OUR DESIRE FOR CLARIFICATION REGARDING ROMANIAN INTENTIONS WITH RESPECT TO THESE LISTS (I.E. HOW THE GOR INTENDS TO FINANCE SUCH PURCHASES, WHETHER SUCH PRODUCTS AND EQUIPMENT ARE REPLACEMENT OR NEW ITEMS, ETC). BEWT OFFICIALS ALSO INQUIRED ABOUT GOR EFFORTS

TO SECURE PRIVATE FINANCING FOR EARTHQUAKE RECOVERY. NICOLAE RESPONDED THAT THIS WAS POSSIBLE BUT WHAT GOR REALLY WANTED WAS LONG-TERM, LOW INTEREST CREDITS. NICOLAE EXPLAINED THAT DURING HIS STAY IN BUCHAREST

HE HOPED TO LEARN THE GLOBAL PERSPECTIVE (I.E. OTHER ASSISTING COUNTRIES, AREAS WHERE HELP NEEDED, WHERE HELPBEINGGIVEN, TETC.) OF ROMANIAN'S ECONOMIC RECOVERY NEEDS AND HOW THE ROMANIANS WOULD LIKE THE U.S. TO FIT IN TO THIS PERSPECTIVE. THEN, HE FELT  
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HE COULD ANSWER BETTER OUR INQUIRIES REGARDING LISTS, FINANCING, ETC.

7. NICOLAE INQUIRED ABOUT THE STATUS OF THE CDC EXPORT LICENSE APPLICATION FOR DISC DRIVE TECHNOLOGY. DOWNEY RESPONDED THAT IT WAS STILL IN COCOM, AND NICOLAE STRESSED THE PRODUCTION PROBLEMS THIS WAS RAISING WITH THE JOINT VENTURE. DOWNEY PROMISED A FURTHER READING OF THE SITUATION (FOLLOWING THE MARCH 22 COCOM MEETING) WHICH BEWT WOULD PROVIDE AMBASSADOR BEFORE HIS DEPARTURE.

NICOLAE ALSO REQUESTED BEFORE HIS DEPARTURE AN UP-DATE ON THE LIST OF EXPORT CONTROL CASES BEFORE OEA.

8. ON MARCH 23 BEWT PROVIDED GOR EMBASSY WITH FOLLOWING INFORMATION FOR AMBASSADOR NICOLAE -- DISC DRIVE TECHNOLOGY CASE STILL IN COCOM; SOME MOVEMENT ON CASE AT MARCH 22 MEETING BUT NO DECISION, NOR ARE WE ABLE TO PREDICT WHEN THERE MIGHT BE A DECISION; WE ARE HOPEFUL FOR DECISION SOON. BEWT ALSO OFFERED TO CABLE ANY NEWS ON THIS CASE IMMEDIATELY TO NICOLAE THROUGH EMBASSY BUCHAREST DURING HIS TRIP.

FYI BEWT/OEA LEARNED THAT ITALIAN DEL, WHO HAD RESERVED EARLIER, WAS NOT AT MARCH 22 COCOM MEETING. THE U.S. DEL HAS REPORTED THAT HE WOULD DISCUSS RESERVE WITH ITALIAN DEL. ALL OTHER COCOM MEMBERS HAVE APPROVED THE CASE. END FYI.

9. ALSO, ON MARCH 23 BEWT PROVIDED GOR EMBASSY OFFICIAL WITH UP-DATE ON EXPORT LICENSE APPLICATIONS CONCERNING ROMANIA BEFORE OEA.

10. FINALLY, NICOLAE ASKED ABOUT NEXT SESSION OF ECONOMIC COMMISSION. DOWNEY RESPONDED THAT WE HAD NO SPECIFIC  
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DATES TO OFFER AS YET BUT THAT WE WERE THINKING IN TERMS

OF MID TO LATE FALL (I.E., OCTOBER OF NOVEMBER).  
NICOLAE SAID HE WOULD DISCUSS THIS TIMING WITH MFT  
OFFICIALS DURING HIS TRIP.  
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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009